



## Submission to Inquiry into Community Assets

### About the Building Communities Trust

Building Communities Trust is a Welsh charity. We support local people to build on the strengths and talents within their communities and take action to make their areas even better places to live.

We do this through our Invest Local programme which is Wales' largest asset based community development initiative. Running since 2016 and funded by a Lottery endowment of over £16m it has supported residents in 13 communities across Wales. At the heart of the programme is the "offer" of £1m to each of the communities who decide how and what they spend the money on. We also run a network of support, learning and advocacy for over 120 community-based organisations.

### This response

This response is informed by [Mapping Community Assets in Wales](#), a national exercise identifying Wales' large number of community-run assets, our 2021 Manifesto [Strong Welsh Communities](#), and findings from a recent survey completed by our stakeholders telling us about their experiences and knowledge of Community Asset Transfer (CAT). We also conducted a small number of informal discussions with key members within our network.

### Overview

Building Communities Trust believe in supporting people in their own communities to do the things that matter to them. We've previously called on Welsh Government to "give communities stronger rights to own and control buildings and local land, with new legislation based on the 2015 Scottish Community Empowerment Act."<sup>1</sup> We believe this consultation should act as a precursor to developing a community strategy which recognises the fundamental role played by grassroots community groups spanning Wales. We note this committee's remit includes local government, communities and housing.

We already know that investment in community assets can create wide ranging benefits for local communities by providing spaces for community groups to operate and enabling local people to meet and stimulate community action. However, these outcomes require hard work and are by no means certain. One respondent told us that their "club has gone from strength to strength since we entered the Asset Transfer process. However, it's been a challenge at times...we manage as best we can but ultimately our club/business is currently built on sand."

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<sup>1</sup> Building Communities Trust, [Strong Welsh Communities: A manifesto for healthier, happier, more resilient communities in Wales](#), 2021, p. 3

Research by Local Trust in England shows that poorer areas with greater community assets and action have better health and wellbeing outcomes, higher rates of employment and lower levels of child poverty compared to poorer areas without.<sup>2</sup> This correlates with our own experience in Wales, and we are developing further research to examine this, with publication likely in late 2022. These research findings support our view that community assets are crucial not only in providing physical spaces and meaningful opportunities for individuals and community groups, but also in terms of fostering community resilience. Nevertheless, the process of asset transfer requires significant change to maximise its positive impact in our communities.

### **The current statutory and policy framework**

We do not consider the current statutory and policy framework around CAT to particularly help communities in Wales to develop community assets or protect assets at risk of loss to the community. The Institute of Welsh Affairs argue that Wales is “severely lagging behind in giving communities a right to access land and other assets, with an arduous and demoralising process that seems almost designed to keep assets out of community control....[resulting in] communities in Wales hav[ing] by far the fewest statutory rights in Great Britain in relation to land”.<sup>3</sup>

The existing Welsh statutory and policy framework in relation to Community Asset Transfer (CAT) is weak. There is national level guidance from Welsh Government regarding CAT but this does not automatically translate into policy provision or dedicated CAT personnel within local authorities. Nor is there currently any statutory requirement or obligation on local authorities to transfer land. Communities are reliant on public bodies actively choosing to dispose of assets, without a formal entrance route of their own. When considering community groups’ rights to own privately owned land and assets the picture is even bleaker- with no real mechanism for community groups to buy land or assets in Wales, other than traditional purchase. The lack of any formal mechanism means that community groups face open competition with the rest of the market, which is often better resourced.

Research commissioned by the Welsh Government and Ystadau Cymru found that of the 15 local authorities surveyed, 11 had a formal CAT policy in place which “laid down a set process and guidance for CAT officers managing an asset transfer.” On the other hand, only 4 of the 15 surveyed had a lead CAT officer in post, with some choosing to adopt a cross service team which discussed CAT matters as and when required.<sup>4</sup> Moreover, 65% of respondents to our survey were not aware that guidance from Welsh government existed despite a significant number of respondents having completed an asset transfer. One went

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<sup>2</sup> Local Trust/OCSI, [Left behind? Understanding communities on the edge, 2019](#)

<sup>3</sup> Institute of Welsh Affairs, [Our Land: Communities and Land Use](#), 2022, p.2 -7.

<sup>4</sup> Coates, J., Nickson, S., Owens, N., and Smith, H. [Community asset transfer: research with the third sector, local authorities and community and town councils](#) Cardiff: Welsh Government, GSR report number 33/2021 p.26-27.

as far to say: “still to this day I’m not aware of Welsh Government’s guidance on this, despite being heavily involved in two asset transfers.”

Despite national guidance, the existence of local-level policy and resources to support CATs is far from universal across Wales, suggesting that the current statutory and policy framework requires strengthening or re-framing, particularly at a local level. Our research demonstrates rates of CATs are highly variable across Wales, with only a small number of authority areas appearing to have proactively pursued this policy.<sup>5</sup> The areas which appear to have undertaken CATs more commonly include Blaenau Gwent, Rhondda Cynon Taf and Neath Port Talbot.<sup>6</sup> We acknowledge differing circumstances and perspectives but suggest that the national guidance is revised, encouraging policy development and implementation at local authority level. Many respondents to our survey highlighted lack of capacity within local authorities as a major challenge inhibiting the progress of their CAT. Revised guidance must take this into account; encouraging adequate resourcing to support and deliver CATs.

### RECOMMENDATIONS:

- Review current Welsh Government CAT guidance to update and revise it, based on experiences of those who have completed asset transfer.
- Develop a mechanism that obliges local authorities, and other public bodies to review and publish their own CAT policies as well as adequately resourcing asset transfer.
- Ensure that this work on Community Assets sits within the development of a holistic community strategy for Wales.

### The CAT scheme promoting and supporting effective development of community assets

The way in which CAT currently operates places initiation power in the hands of public bodies, most notably local authorities. As the guidance states “[p]ublic Authorities in Wales are not obliged to undertake community Asset Transfers and Local Authorities have to initiate the process themselves,” raising serious questions about the level of community control and input into the scheme.<sup>7</sup>

Furthermore, the primary driver leading local authorities to initiate CATs appears to be cost reduction, following a protracted period of austerity.<sup>8</sup> This is in direct contrast to the communitarian approach promoted by the Welsh Government guidance which states CATs support community empowerment, should be community led, meeting “community need and demand.”<sup>9</sup> There is a clear mismatch between the guidance issued and communities’ experience of asset transfer across Wales. Respondents to our survey told us that CATs were

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<sup>5</sup> BCT, WCVA, Wales Co-operative Centre, DTA Wales, Coalfields Regeneration Trust, [Mapping Community Assets in Wales](#), 2020, p.5

<sup>6</sup> [Mapping Community Assets in Wales](#), p.33

<sup>7</sup> Welsh Government, [Community Asset Transfer Guidance](#), 2019, p. 5

<sup>8</sup> [Community asset transfer: research with the third sector, local authorities and community and town councils](#) p.44

<sup>9</sup> [Community Asset Transfer Guidance](#), p.3

“essentially imposed” on them, to ensure continuation of service delivery: “we could have said no, but that would have been a lose-lose scenario.” “If we didn't complete the transfer and take on the pitch ourselves, the council said they would no longer maintain the facility.”

Even if the current CAT framework is revised, there are other factors which affect the development of community assets. Regardless of the statutory and policy framework in relation to CATs, the development of a community asset also requires the skills, and commitment displayed by individuals, and community groups; alongside the completion of an asset transfer- ultimately a transactional and legal process. Without dedicated individuals and community groups, the development of community assets would remain impossible. To enable effective development of community assets it is necessary to revisit the current policy and statutory framework regarding CATs, whilst also recognising and investing in community groups. Experience dictates that individuals and community groups require support not only at their inception, but on an ongoing basis and especially when undertaking significant developments such as asset transfers.

Clearly, experiences vary and there is not a single, linear path to developing community assets. Whilst CATs have a part to play in this, they represent a small but essential piece of a much broader picture. There is currently no formal register of community assets in Wales, resulting in severe challenges to fully quantifying the range and scope of community assets in existence. Research commissioned by ourselves and others demonstrates that asset transfer only constitutes a small part of community action taking place across Wales. Of the 438 assets identified in [Mapping Community Assets in Wales](#) the researchers were able to establish only 63 community asset transfers (CATs), although some of these were ‘in process’ rather than completed. This figure constitutes approximately 14% of the assets mapped in this study, with a further 21% of those mapped owning their premises either through purchase or historical ownership and approximately 11% possessing a long-term lease from the local authority.<sup>10</sup> The relatively narrow focus on Community Asset Transfer only represents a slim proportion of the more nuanced experiences of community asset development across Wales.

## RECOMMENDATIONS

- Undertake a mapping exercise of community assets, and those at risk of loss throughout Wales in order to develop a publicly available, accessible register of community assets, disaggregated to local authority footprint.
- Explore the options available to introduce a community right to bid, as opposed to only permitting public bodies to initiate a Community Asset Transfer.

### The barriers and challenges faced by communities

The barriers and challenges faced by communities in taking ownership of public or privately owned community assets are numerous and well publicised. One respondent to our survey stated the group they belong to have deliberately chosen **not** to pursue asset transfers due

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<sup>10</sup> *Mapping Community Assets in Wales*, p.19

to the “nightmare experiences” they’ve heard about. Others who had completed a transfer said that with hindsight, they would “steer clear” of them in the future.

There are many reports of the “significant length of time involved and the complexity of the process which often appeared to be beset by lack of capacity and clarity.”<sup>11</sup> *Mapping Community Assets* summarises the key barriers to community asset transfers proceeding as:

- The market value of the asset
- Lack of capacity within local authorities to deal with the complexities of asset transfer
- Political opposition
- Lack of willingness and trust between a local authority and community groups
- Lack of confidence, skills and availability of community members to take on the running of an asset
- Lack of professional support to help upskill communities to develop business planning and funding applications
- Dependency on external funding needed to support the development of an asset.<sup>12</sup>

Many of the barriers outlined above were further elaborated upon by survey respondents.

### **Funding**

When asked about challenges nearly 65% survey respondents mentioned costs and financial barriers, which included grant funding arrangements being contingent on meeting certain milestones in the transfer process. Financial barriers are not only present in the initial purchase of an asset; there are often ongoing costs for asset development and in some cases, its repair. Many community asset transfers and long-term leases are based on ‘full repair’, meaning that community groups are liable for any repairs and maintenance of often antiquated buildings with ageing facilities. Members of our network told us about how they have had “problems with the heating system which has cost almost £1000 to keep going”, and how “raising money for the refurbishment is challenging.” Another respondent told us that their group was “aware of the general utilities etc. but it's the statutory testing which really hampers the business thriving!”

That said, there are several avenues to access funding for community assets including the [Community Asset Loan Fund](#)- a repayable loan of up to £300,000 which can provide 100% of the property value unlike traditional bank loans and the [Community Facilities Programme](#) a capital grant scheme providing grants up to £250,000 for the purpose of improving community facilities. We’ve previously called for the Community Facilities Programme to be enhanced to support activities and development work that builds community capacity as well as facilities, which we consider more fully below.<sup>13</sup> There is also the [Community Ownership Fund](#), which Welsh community organisations can apply to, providing a rare opportunity for community groups to access privately owned assets. We understand the Community Ownership Fund to require an element of match funding, which may act as a further barrier for smaller, more nascent community groups, or those located in areas experiencing greater socio-economic deprivation. Whilst there is a range of funding avenues available, access to these funding streams will typically require groups to be constituted and have evidence of managing funds previously. Clearly this is required for due diligence

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<sup>11</sup> *Mapping Community Assets in Wales*, p.5

<sup>12</sup> *Mapping Community Assets in Wales*, p.33

<sup>13</sup> *Strong Welsh Communities*, p. 5

purposes, but it acts as a further barrier for emerging, grassroots community organisations in pursuing a community asset transfer.

There are also examples of fundraising by innovative methods such as community shares. However, this approach is not always possible, especially in areas experiencing greater socio-economic disadvantage. Additionally, it is likely that the current cost of living crisis will impact on people's ability to contribute to community share schemes at least for the foreseeable future.

### **Capacity within local authorities and public bodies**

A further 40% of survey respondents mentioned the lack of knowledge and/or capacity within local authorities to deliver on a CAT. One respondent told us the change they would like to see happen in relation to asset transfer was more "support from LA, rather than feeling there are constant barriers." Another stated: "Council had no response and continued to drag their feet, which helped nobody. They still own the asset." Similarly, we're aware that some organisations feel that once an asset transfer has occurred, they are left to their own devices, with some suggesting it would have "been helpful to have an ongoing dialogue, someone they could speak to, who would listen, support and show an interest. In particular, highlighting the need for support on aspects such as legal, HR, and health safety, given the complexity of community asset transfer."<sup>14</sup>

Another individual interpreted the "zero knowledge" level of CAT within the local authority differently. They found they were able to work with key individuals to craft an approach which worked for their group. This included a pilot phase where the organisation occupied the building for a year, under a licence agreement before undertaking a full transfer in due course resulting in a 99-year lease agreement. This individual also recalled their experience of spending a day with the property's caretaker, trying to glean as much practical knowledge about the boiler and operational matters as possible due to the lack of paperwork about existing contracts or fittings.

71% of respondents to our survey had been able to access support in relation to their CAT and strikingly this support tended to come from other third sector organisations or third sector infrastructure bodies like Community Voluntary Councils (CVCs). The provision of support is variable across Wales, with some specialist agencies only operating within a limited geographical footprint. Most support accessed was provided freely to community groups, but specialist support such as legal expertise or advice about listed buildings typically incurred costs. One respondent told us that "at the start there are lots of organisations giving you advice (some good and some pointless) but as time passes this help falls away," suggesting that ongoing or quarterly visits might be advantageous. One individual called for "a decent toolkit or checklist" covering the main things a group looking to undertake the running of an asset should be aware of: health & safety procedures, how to manage key holders, opening and locking up, insurance etc.

Members of our network agreed there is a need for additional cost-free support for groups wanting to explore or undertake an asset transfer. However, opinions are, understandably, divided as to where this additional capacity would be best placed; internally within local

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<sup>14</sup> *Mapping Community Assets in Wales*, p.34

authorities, third sector infrastructure bodies or specialist organisations focusing on asset transfer.

### **Timescales**

Another common barrier mentioned was the timescales involved in a CAT. Many stakeholders spoke of lengthy delays which directly impacted the condition of the asset. A respondent described asset transfer as “a great way of old bad state of repair buildings being off loaded to community which get in a worse state as the process takes so long.” A common response we hear is that it’s not so much as asset transfer, but a transfer of liabilities. Others called for a streamlined and sped up legal process. The challenge of lengthy timescales is more acute when groups are sourcing external grant funding, as timelines are unlikely to align causing further uncertainty.

### **Capacity within community groups**

Community groups are far from homogenous and as such capacity levels will vary within them. One respondent told us of the “significant staff capacity” that was dedicated to their asset transfer, yet this individual “felt totally overwhelmed” and wondered if the group had made the right decision. Others tell us that the resourcing challenge really makes its presence known once the transfer has gone through: “the main problem is a shortage of people prepared to get involved in the day to day running of the facility.”

Beyond these specific examples, consideration about the skills, knowledge and expertise within community groups is required. There are individuals and community groups who can and do manage asset transfers effectively. However not all community groups will possess the skills and expertise required. For example, expertise needed to develop a business plan, as part of the due diligence process. Many smaller more informal groups will not have a record of managing grant finance or have the right governance arrangements in place. Clearly, appropriate due diligence is required when considering an asset transfer, but there could be additional efforts made to build community capacity. Our *Strong Welsh Communities Manifesto* called for the enhancement of the Communities Facilities Fund to support activities and development work that builds community capacity as well as facilities.<sup>15</sup> In our view you cannot have strong community assets or facilities without strong community organisations. Whilst a publicly available accessible register of community assets would not serve to directly build capacity within community groups, its development could enable informal mentoring and peer learning opportunities for those looking to build their expertise in relation to asset transfer.

## **RECOMMENDATIONS**

- Enhance the Community Facilities Programme to support activities and development work that builds community capacity as well as facilities. This capacity building support should be ongoing and cost-free, pro-actively minimising the barriers to uptake.
- Develop a practical toolkit or checklist for community groups looking to find out more or undertake an asset transfer.

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<sup>15</sup> *Strong Welsh Communities*, p.5



- Encourage transferring bodies to develop innovative approaches to ensuring due diligence checks are met whilst pro-actively seeking to minimise barriers faced by community groups.
- Expand the cost-free support provision available to community groups looking to undertake asset transfer.

### Lessons from beyond the Welsh border

Our manifesto called for the next Welsh Government to give “communities stronger rights to own and control buildings and local land, with new legislation based on the 2015 Scottish Community Empowerment Act.”<sup>16</sup> Part 5 of the act introduces a right for communities to make requests to local authorities, Scottish Ministers and a range of public bodies for any land or buildings they feel they could make better use of. This represents a clear difference in approach here and in Scotland. Whilst we’d like to see stronger rights for communities to own and control buildings and land, it is clear that any legislation developed must ‘speak to’ or strengthen the already crowded Welsh legislative landscape.

### RECOMMENDATIONS

- Grant communities stronger rights to own and control buildings and local land based on learnings from the 2015 Scottish Community Empowerment Act, in a way that speaks to or strengthens the existing Welsh legislative landscape.

Please contact our Policy Officer Eleri Williams for more information on this response.

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<sup>16</sup> Strong Welsh Communities, p. 3